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An examination of the Negro unemployment problem, an explanation of an ultimate Negro objective of economic equality, and an overview of their present status is given. Within all occupational categories Negroes, on the average, have worse jobs at lower rates of pay. This is revealed even in broad occupational categories such as professional, white collar, and blue collar. To maintain their present rate of progress, Negroes will need increased high school and college attendance and completion in both absolute and relative numbers. The low rate of high school completion is the greatest single obstacle to economic equality. A policy to promote economic equality might include: (1) special federal grants based on performance set up to reward school districts whose outstanding job of helping children of the poor can be empirically measured, (2) an increase by colleges of their active research for Negro applicants, (3) an increase in parental encouragement and help, and (4) redesigning of jobs by employers. Economic progress may accelerate if Negro entrepreneurship and community responsibility in educational and manpower programs are increased. (EM)

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SEMINAR ON MANPOWER POLICY AND PROGRAM

Education, Employment, and Negro Equality

by OTTO ECKSTEIN

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U.S. DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

• This report is one in a series of proceedings of Seminars on Manpower Policy and Program sponsored by the Manpower Administration. It presents a condensed transcript of the seminar held in Washington, D.C., April 18, 1968.

• The purpose of the seminars is to provide a platform for guest speakers and for members of the Department of Labor and other agencies concerned with manpower problems to discuss issues arising from the development of an active manpower policy.

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SEMINAR ON MANPOWER POLICY AND PROGRAM

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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Education, Employment, and Negro Equality

by OTTO ECKSTEIN

U.S. DEPARTMENT OF LABOR
Willard Wirtz, Secretary
MANPOWER ADMINISTRATION
Stanley H. Ruttenberg, Manpower Administrator

OPENING REMARKS

Chairman—Arthur M. Ross, Commissioner of Labor Statistics
U. S. Department of Labor [1]

DR. ROSS: This seminar is the 40th in a series of Seminars on Manpower Policy and Program that began in April 1964, and today's subject is "Education, Employment, and Negro Equality." The seminars are sponsored by the Department of Labor's Manpower Administration to provide an opportunity for invited guests and members of the Department to discuss the social and economic issues of the day, and the problems related to the development of an active manpower policy. Reports of the seminars are published by the Department in separate pamphlets, and copies may be obtained by writing to the Manpower Administration.

It's a real privilege for me to be able to introduce Dr. Otto Eckstein. As you know, he has been on the faculty of Harvard University for many years and a professor of economics at Harvard since 1963. Remembering the infusion of Harvard economists into Washington back in 1961, I don't know if Dr. Eckstein's visit foretells a reinfiltration into Washington of Harvard economists, at least those who are not busy writing novels.

Dr. Eckstein is well known as the Director of the Study of Economic Growth and Price Levels and Employment made by the Joint Economic Committee at the end of the 1950's. It was this group of studies which, perhaps more than any others, led to the crystallization of many guiding principles which we know as the New Economics.

Dr. Eckstein is the author of well-known books in the field of resources policy and water development, and a standard work on public finance. He was a staff member of the Council of Economic Advisers early in the 1960's and was a member of the Council itself for 2 eventful years between September 1964 and September 1966.

It is a privilege to introduce Dr. Otto Eckstein.

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[1] Dr. Ross resigned as Commissioner of Labor Statistics on July 1, 1968.

Education, Employment, and Negro Equality

An Address by Dr. Otto Eckstein

DR. ECKSTEIN: Thank you very much, Arthur. It's a special privilege for me to be back here with so many friends from the Labor Department and elsewhere in Washington.

The employment situation is an old one, of course. But in recent years its formulation has changed drastically.

What I am going to try to do today is this: I want to take a look at the Negro employment problem in the long run. I shall define a very ambitious concept of equality, an ultimate target for the black population. Then I shall look at the present state of affairs and recent progress, and I will project how much progress would be achieved in two decades if we could stay on the present good path. I shall examine the educational requirements for the black labor force and ask whether Negroes will have enough education to sustain the present rate of progress. Finally, I'll try to deal with policy.

I think it is safe to say that we have entered a new era of equality of opportunity. The attitude of American business has undergone a great change in the last 3 years in its willingness to hire black workers. Even the portions of the labor movement that have had bad records on equality of opportunity are beginning to move toward equality of opportunity. This has meant a substantial upgrading of the jobs held by Negroes, as the existing black labor force moves into better jobs. Until recently, many Negroes held jobs that were far below their qualifications. There was a gap between the actual job and the potential job. Recent upgrading has produced a great gain in the kinds of jobs held by Negroes. But in a sense, this is a one shot gain. Once you have eliminated that gap, once Negroes have moved into the jobs which more or less correspond to their educational background or skill, there is no further source for a second gap of this kind to maintain the rate of progress.

Full Economic Equality

The ultimate economic goal for Negroes is full equality. From the point of view of employment I interpret this to mean that Negro workers should be represented close to proportionately in the major occupations and professions. Of course, it does not require that Negroes represent exactly the same percentage in every type of profession and every skill; no such uniformity is found among other groups in American society, and differences will inevitably develop because of the uneven geographic distribution of the Negro labor force and different degrees of interest in various kinds of work. But in terms of broadly defined occupational categories, the sort by which our national employment statistics are organized, a reasonable uniformity is a condition of full equality.

This is a very ambitious goal, and one which will surely not be reached in one generation. But it can provide a useful target for the task remaining to be done and a measure of the gap between Negro aspiration and achievement.

Let me therefore present a statistical exercise which reveals these targets for Negro economic equality. I use Negro and nonwhite interchangeably in this discussion. The figures are for all nonwhites: Negroes are over four-fifths of all nonwhites, and the figures are representative for them.

Table 1 shows the present situation. The immense overrepresentation of Negroes in the unskilled and service categories is well known. Although Negroes constituted only 10.7 percent of total employment in the first half of 1967, they were 25.4 percent of all service workers, 48.1 percent of all private household workers, and 25.9 percent of all laborers. On the other hand, they are dramatically underrepresented in the more attractive occupations. They are only 6.1 percent of all professional and technical workers, 2.8 percent of managers and proprietors, 3.0 percent of all salespeople, 7.1 percent of all clerical workers, and 6.3 percent of all skilled craftsmen.

While these figures are a disturbing measure of the extent of economic inequality, they are a considerable improvement over just 9 years ago. Comparing 1967 with 1958:

—Nonwhite professional and technical workers were up from 3.8 to 6.1 percent.

—Clerical workers from 4.3 to 7.1 percent.

—Salespeople from 2.1 to 3.0 percent.

—Craftsmen from 4.5 to 6.3 percent.

TABLE 1. NONWHITE EMPLOYMENT SITUATION IN 1967

[Number in thousands]

Occupation group	Number employed	Percent of nonwhite employment	Nonwhite employment as percent of total employment in the occupation group
All nonwhite employed persons	7,866	100.0	10.7
White-collar workers	1,793	22.8	5.3
Professional and technical workers	598	7.6	6.1
Managers, officials, and proprietors	204	2.6	2.8
Clerical	865	11.0	7.1
Sales	134	1.7	3.0
Blue-collar workers	3,319	42.2	12.4
Craftsmen and foremen	606	7.7	6.3
Operatives	1,841	23.4	13.4
Laborers, excluding farm and mine	873	11.1	25.9
Service workers	2,360	30.0	25.4
Private household	881	11.2	48.1
Other	1,479	18.8	19.6
Farmworkers	401	5.1	11.9
Farmers and farm managers	110	1.4	5.8
Laborers and foremen	291	3.7	19.8

NOTE: Detail may not add to totals due to rounding.
SOURCE: Average of monthly figures, January-June 1967, from U.S. Department of Labor, *Employment and Earnings*, table A-17.

Suppose that the recent rate of progress of Negro workers continues for another generation to 1985. The Department of Labor has made projections to 1975, and I have extrapolated these figures forward another decade. (See table 2.)

By 1985, when Negro employment will rise to 12 percent of the total because of greater nonwhite population growth, Negroes will have:

—10.6 percent of all professional and technical jobs.
—8.4 percent of all clerical jobs.
—6.0 percent of all sales jobs.
—8.8 percent of all skilled craftsmen jobs.

But Negroes will still be:

—24.0 percent of all laborers.
—38.4 percent of all private household workers.
—24.6 percent of all farm laborers.

TABLE 2. NONWHITE EMPLOYMENT SITUATION IN 1985: PROJECTIONS AND GOALS

[Numbers in thousands]

Occupation group	Continued present progress[1]			Full economic equality		
	Nonwhite employed persons		Nonwhite as percent of total	Nonwhite employed persons		Nonwhite as percent of total
	Number	Per cent		Number	Per cent	
All employed persons	12,590	100.0	12.0	12,630	100.0	12
White-collar workers	4,190	33.3	7.8	6,420	50.0	12
Professional and technical workers	1,850	14.7	10.6	2,100	16.7	12
Managers, officials, and proprietors	420	3.3	3.8	1,330	10.5	12
Clerical	1,510	12.0	8.4	2,160	17.1	12
Sales	410	3.3	6.0	830	6.5	12
Blue-collar workers	4,340	34.5	13.0	4,000	31.7	12
Craftsmen and foremen	1,200	9.5	8.8	1,630	12.9	12
Operatives	2,290	18.2	14.1	1,940	15.4	12
Laborers, excluding farm and mine	850	6.8	24.0	430	3.4	12
Service workers	3,710	29.5	23.7	1,880	14.9	12
Private household	980	7.8	38.4	310	2.4	12
Other	2,730	21.7	20.8	1,570	12.5	12
Farmworkers	350	2.8	12.8	330	2.6	12
Farmers and farm managers	40	.3	.7	160	1.3	12
Laborers and foremen	310	2.4	24.6	170	1.3	12

[1]Assumes that the nonwhite proportion of employment in each group will increase or decrease at the same rate as in the Labor Department projection for 1965-75. (See Joe L. Russell, "Changing Patterns in Employment of Nonwhite Workers," *Monthly Labor Review*, May 1966.)

NOTE: Detail may not add to totals due to rounding.

For other attractive job categories, the present rate of progress would leave Negroes very far from equality. By 1985, only 3.8 percent of all managers and proprietors would be nonwhite. That is just 420,000 people, compared to an equality target of 1.33 million.

There would be:

—410,000 sales people compared to a target of 830,000.
—1.20 million craftsmen compared to a target of 1.63 million.
—1.51 million clerical workers, compared to a target of 2.16 million.

At the other end of the scale, there would still be:

—850,000 laborers, instead of a target of 430,000.
—3.7 million service workers, compared to a target of 1.88 million.

These figures are very crude, of course, and categories are extremely broad. Within each category, Negroes, on the average, have worse jobs at lower rates of pay. But even at this very unrefined level, many of the essential problems emerge clearly.

Human Investment for Economic Equality

Can the recent rate of progress be sustained for the next 20 years? And can it be accelerated to move Negroes more quickly toward economic equality? Doors are opening. But is the rate of investment in human resources sufficient to equip Negroes for the better jobs? Again, a few figures outline the problem and show what remains to be done.

A college degree is necessary for the typical professional and technical job. (See table 3.) A high school diploma is a prerequisite for the typical managerial, clerical, and sales job, and for skilled craftsmen. By 1985, semiskilled jobs and service jobs will also be held typically by high school graduates.

To maintain their present rate of progress, Negroes will require increasing amounts of education. By 1985, 68 percent of all Negroes should be high school graduates; 14.7 percent should be college graduates. (See table 4.) To go beyond the present rate of progress and to achieve full economic equality, 74.9 percent of all Negroes should be high school graduates, 16.7 percent college graduates. These figures assume that every Negro must have the median education for his job. Some will be able to hold the better jobs without

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TABLE 3. MEDIAN YEARS OF SCHOOL COMPLETED, BY OCCUPATION GROUPS

Occupation group	1966[1]		1985 total[2]
	White	Nonwhite	
White-collar workers:			
Professional and technical workers	16.3	16.5	16.3
Managers, officials, and proprietors	12.7	12.4	12.6
Clerical	12.5	12.6	12.5
Sales	12.5	12.2	12.5
Blue-collar workers:			
Craftsmen and foremen	11.9	10.5	12.5
Operatives	10.8	10.1	12.0
Laborers, excluding farm and mine	10.0	8.6	11.0
Service workers:			
Private household	9.3	8.6	10.0
Other	11.7	10.6	12.0
Farmworkers:			
Farmers and farm managers	8.9	[3]5.9	8.8
Laborers and foremen	9.1	5.8	8.4

[1]Data from: *Manpower Report of the President* and *A Report on Manpower Requirements, Resources, Utilization, and Training by the U.S. Department of Labor* (Washington: U.S. Department of Labor, April 1967), p. 241.

[2]1985 figures are very conservative projections of the trends of the last 18 years.

[3]Figure for 1965.

the appropriate diploma. But the education of whites is increasing rapidly as well and will reach the standards underlying the above figures. The competition will be keen.

The educational attainments of our Negro population are rising

TABLE 4. REQUIRED EDUCATION OF NONWHITES FOR THE JOBS OF 1985

[In percent]

Educational attainment	Needed in 1985 for continuing present rate of progress	Needed in 1985 for full economic equality
College completed	14.7	16.7
High school completed	68.0	74.9
Less than 4 years of high school	17.3	8.4

rapidly. (See table 5.) In 1952, only 17 percent of nonwhites had a complete high school education. By 1966, 38 percent of all Negro workers had completed high school, and slightly more than half of new Negro workers. The number of college graduates is also rising rapidly. Among whites, the gains are less dramatic, so there has been some Negro catching up.

However, when the current performance is compared to the education that would properly equip Negroes for the job world of 1985, the gap is very great indeed. To continue the present rate of progress (following the Department of Labor projections), there should be 1.85 million Negro college graduates by 1985. In March 1966 there were only 460,000. The current rate of Negro college attendance will not bring us close to the goal. About 15 percent go to college, less than half of the rate for whites. A very major step-up in college attendance and completion is needed if Negroes are to continue their good recent rate of progress in professional and technical jobs. Some of the present progress is based on the elimination of Negro underemployment—of upgrading educated Negroes into

TABLE 5. EDUCATIONAL ATTAINMENT OF CIVILIAN LABOR FORCE 18 YEARS OLD AND OVER—PERCENT OF CIVILIAN LABOR FORCE COMPLETING SPECIFIED YEARS OF SCHOOL, BY COLOR, SELECTED YEARS, 1952-66

Years of school completed at various dates	Total	White	Nonwhite
Elementary (8 years or less):			
March 1966	22.2	20.2	37.9
March 1959	30.5	27.7	53.8
October 1952	37.9	34.9	66.5
High school (4 years or more):			
March 1966	58.9	61.5	37.8
March 1959	49.8	52.6	25.0
October 1952	43.3	46.1	17.4
College (4 years or more):			
March 1966	11.8	12.5	5.8
March 1959	9.7	10.3	4.0
October 1952	8.0	8.6	2.6

NOTE: These figures exclude persons completing 1 to 3 years of high school.
SOURCE: Harvey R. Hamel, "Educational Attainment of Workers," *Monthly Labor Review*, June 1967, p. 46.

the kinds of jobs for which they were educated. This source of progress will gradually disappear. Therefore, to maintain the present rate of progress in professional and technical jobs, the proportion of Negro college graduates must rise even more rapidly in the future than in the recent past.

From a social point of view, the rate of high school completion is a more serious problem. Even today, almost half of all young Negroes enter the job market without a high school diploma. By 1985 these youngsters will be about 40 years old, with half their working life still ahead of them. Very few of these individuals are on any path toward equality. The economy will adapt to the labor supply, and if an abundant supply of uneducated Negroes is still available by 1985, there will be unskilled, badly paid, low productivity jobs for many of them. Their unemployment will be more frequent and of longer duration. This tragically low rate of completion of high school is the greatest single obstacle on the road to economic equality.

In the past, the return on education was sharply lower for Negroes than for whites, because of discrimination and other factors. For example, in 1949, a white high school graduate in the South could expect to earn a lifetime income of $6,240 greater than a dropout.[1] A nonwhite could expect only $1,820. With a lower return on education, greater pressure to work and contribute to low family income, and cultural deprivation, it was no wonder that Negro youth generally quit school. But the situation is changing. Job discrimination is diminishing, and the value of a high school education for a Negro is rising rapidly in our advancing technology.

Policy to Promote Economic Equality

As an economist it would be rash for me to recommend to you the specific policy measures that follow from my analysis. The proper goals of policy for economic equality are clear: the number of young Negroes completing high school and completing college must be increased very substantially. The quality of the education they receive must be made equal to the quality of education of whites. And more specific vocational skills must be made available,

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[1] Burton Weisbrod, "Preventing High School Dropouts," *Measuring Benefits of Government Investments*, ed. R. Dorfman (Washington: The Brookings Institution, 1965), p. 126.

whether through apprenticeship programs, vocational schools, manpower training policies or on-the-job experience. These programs of human investment will require immense resources from all levels of government, from employers, and not least from the Negro families themselves. In addition, the gates of opportunity must be opened all the way. Both companies and unions must intensify their recruitment of Negro job candidates. In the case of the white-collar job ladder, equality in education and employer cooperation are the key elements. But in the case of the equally important blue-collar job ladder, it is the union movement which must carry much of the responsibility. Given the large number of Negro blue-collar workers, this is a particularly important route of Negro economic advancement.

Without attempting to develop specifics, let me touch on just a few areas. What steps could be taken to substantially increase the percentage of Negroes who complete high school? The Neighborhood Youth Corps encourages hundreds of thousands of youngsters to stay in school, and this key program must continue to be strengthened. We have learned from experimental studies [2] that school dropouts are hard to prevent in the last year or two. The act of quitting is only the final step in the failure of the school systems to devise a meaningful and valuable curriculum for the student. In the Elementary and Secondary Education Act of 1965, the Federal Government has provided the funds for programs which can reach the students earlier. The resources it makes available to the schools which educate the children of the poor—including the massive aid to the southern schools which still educate half of all Negro children, as well as its aid to urban slum schools—should, if effectively employed, cut the dropout rate. We must make sure that these resources are really used effectively and do not merely become a substitute for local effort or simply vanish in higher costs. When Federal budget resources again become available in greater abundance, expansion of this act, particularly of its title I, should have top priority.

Special grants based on performance should be set up under title I to reward those school districts which demonstrate by objectively measurable criteria that they are doing an outstanding job in helping the children of the poor. Such criteria might include the increase in the percentage of poor children who complete high school; their improvement in achievement tests; and the vigor and

[2] *Ibid.*

success of the school system in achieving meaningful integration for racial balance.

The American system of higher education must also become more responsive to the needs of our Negro population and its goal of economic equality. Although there is very little discrimination in the admission of Negroes in our outstanding universities and colleges today, there are still very few Negroes in evidence on many of our finest campuses. The channels of communication are weak. Very few Negroes apply. So long as a large part of all Negroes attend inferior schools, they cannot hold their own in the objective college entrance examinations which influence college admission. And of course, lower Negro incomes mean that fewer Negro families can afford the heavy expense of higher education. The Upward Bound Program of the Office of Economic Opportunity is off to a good start, and serves as a catalyst to stimulate local programs to encourage youngsters to go on to college. Colleges and universities must step up their active search for Negro applicants.

Much of the responsibility for sufficient education inevitably falls on the families of the Negro children. After all, it was through education that other minorities escaped mass poverty. Parental encouragement and help are of the essence in making children develop their potential. To be sure, one must be careful not to draw unwarranted analogies between the history of other minorities and the present plight of Negroes. But there is one analogy which is inescapable: only a massive step-up of human investment in education will make Negro economic equality possible.

Another conclusion that can be drawn from my projection is that the jobs to be held by Negroes will have to be reengineered. The rate of progress that is feasible by the usual education-job specification route is so inadequate that as a society we are not going to be satisfied with it. It is impossible within a reasonable time span to have 15 percent of the black labor force as college graduates, and 68 percent as high school graduates. The figures apply to the entire stock of the black labor force up to age 65, not just new workers. Even if you now achieve 100 percent high school completion, you would not reach the necessary average for the entire black labor force by 1985. You might reach that average some 10 or 15 years later, so this is a very slow approach.

We have to get employers to redesign jobs. We must not let employers continue the historical trend of ever higher educational requirements for given jobs. You simply cannot let all jobs be con-

verted to high school graduate jobs since you are going to have a mismatching of the populations (both black and white) with the jobs.

There are some other things on policy that I wish to raise for your consideration without trying to tell you what to do. There is one thing wrong with the approach sketched here, and that is the supposition somehow that society as a whole, which means mainly the whites, is going to provide all of this education to the black labor force and that once the black labor force has this education, everything else will take care of itself. I think in the end it will not be done in quite this way.

It has often been said that it is not fair to draw an analogy between the present Negro situation and the problems of less developed countries. But I think there are some respects in which the analogy is valid. Under colonial administration, at least some of the less developed countries were well run. Western education was brought in. Some people received university training (in other countries such training was carefully avoided). But nothing really happened. The countries did not develop while they were under this highly skilled Western colonial leadership. When the period of colonialism was over after World War II, large gaps in human investment became explicit. It turned out that the British, the French, the Belgians, the Dutch, and other colonial powers had not really done enough mass human investment. There had only been a very thin layer of education at the top. Yet, in some of these countries, despite all of these gaps, which are quite analogous to those in my statistical sketch above, a growth process began. The very fact that responsibility became local to the community itself led to a series of progressive steps.

I wonder if we don't have some analogy with the black problem here: On the one hand you have great gaps in educational investment, but as the black community takes more responsibility for itself, progress may accelerate.

In business, there is the move toward Negro entrepreneurship. In education, there is a move toward decentralized neighborhood control. In Federal manpower programs, there should be more community responsibility. Financing must remain central, of course, because of the lack of tax resources at the community level. But, to some extent, control can be separated from financing.

With that provocative thought for this particular group let me stop and invite your questions.

DISCUSSION PERIOD

DR. ROSS: I will ask the first question while I have an opportunity. You spoke about the reengineering of jobs held by Negroes. In view of the present and continuing educational gap, do you think this can be done in the private sector or will it call for the creation of a larger number of jobs in the public sector, with low educational requirements or with reengineered educational requirements?

DR. ECKSTEIN: The reengineering has to be mainly in the private sector. The bulk of the jobs are in private business. A lot of jobs are in large companies—large manufacturing companies, retail companies, or utility companies. A good many others are in smaller business in the private sector. That is where most of the jobs are. The jobs are not in the public sector. The public sector itself has not done much better than the private sector in this problem. Take the Civil Service approach to employment. It is hard to envision a system more rigidly designed to avoid job redesign.

Every employer has to play his part. I can see some merit in a program of making available partly federally financed programs of supplementary employment by localities. A school system might find it advantageous to hire teacher aides, or a hospital department to hire medical aides. But we are not in such a desperate state in this country that we have to create complete make-work jobs. The biggest contribution must come from the redesign of ordinary private sector jobs.

FROM THE FLOOR: It seems to me that you have chosen what I call conventional wisdom. I assume that the underlying assumption of your paper is that technology is increasing the complexity of jobs and that, therefore, an increase in complexity calls for an increase in education or for redesign. I might hold the thesis that maybe we are just using education as a way of screening out the Negro, or the sort of lowly unemployed, making the job of selection easier. Have you seen any proof to support the assumption that jobs are becoming more complex and that they do require a higher level of educational attainment?

DR. ECKSTEIN: That is certainly a very difficult area. It is a fact that a large fraction of the rising jobs are white collar and most white-collar jobs are held by high school graduates. Whether you really need a fourth year of high school to hold those jobs is dubious. But high school completion is really symptomatic of something else. It demonstrates the ability to see a program through. The quality to complete a task is a requisite on modern jobs. So high school completion obviously has a very high association with subsequent work habits. I think the basic trend toward high school completion is irreversible. It will be the norm in most places in this country. Redesigning jobs is a band-aid approach. It's an ameliorant to a basic structural gap. It is going to be very tough in this country in 1985 to be a worker without a high school diploma.

FROM THE FLOOR: I wonder if that question doesn't need a little bit more analysis. Sure, the trend is toward more and more education. There are more people getting more education so these figures show up the way they do. You mentioned in your main presentation that there are high requirements for these jobs. This I think is the question your former questioner addressed himself to and that I am addressing myself to. As you pointed out, less developed countries don't have all of this educational attainment, and yet they are developing, improving their industries, and doing many jobs. For example, when our military goes into some of these less developed countries, it has to import service mechanics, servicemen, and others. It has developed methods of getting people with very little education—sometimes illiterates—to do these jobs. It's true that if they had more literacy they would probably learn faster and do a better job. But they do perform these jobs. So I think the question of redesign has some merit in what we are trying to point out.

With regard to your policy suggestion, again using the analysis of the less developed countries, would the Negroes rise faster and develop more quickly if they were given a stake, regardless of education, in these businesses? Couldn't they do it as they are doing it in the less developed countries?

DR. ECKSTEIN: I venture to say I disagree with that. I am certainly using the word "requirement" in the traditional sense and there is always arbitrariness about that. I believe jobs are getting more complex, and the number of unskilled jobs where the work is done mainly through physical strength is certainly diminishing. On the one hand, you have to persuade Negroes to complete high school—hopefully in integrated educational systems. We have to

provide the right incentives to help kids in school. You have to work on education.

On the other hand, you also have to encourage employers to take a realistic view of educational requirements. There is no doubt that a great many employers insist on high school completion even though nothing was learned in the last year of high school applicable to the job.

FROM THE FLOOR: These kinds of figures are used as a rationalization to tell the Negroes, "Look, you don't have enough education, and only when you get enough education are you going to be able to do the jobs that need to be done." I think this is wrong.

DR. ECKSTEIN: Table 1 is pertinent to your final point, a greater stake in business ownership and a bigger stake in community leadership. The area where the least progress is being made is in the area of managers and proprietors. By 1985 there will still be little progress unless new paths are found to break through.

A key area is Negro entrepreneurship. In Boston at the moment we are starting the first Negro bank. Indeed, the white banks have become sufficiently concerned to set up special divisions to try to finance Negro businesses.

FROM THE FLOOR: I agree with your last two conclusions, that is, that black people in Negro ghettos ought to have a greater stake in managing their affairs there.

Let me go on to another point. With respect to the years of schooling presently required for various jobs and also with respect to the 1967 nonwhite employment situation, I am a little troubled. For professional and technical workers, the nonwhites have 0.2 percent more schooling than whites, yet when you look at the nonwhite percentage of the total professional and technical workers in 1967, you see that they represent only 6.1 where we have a target of 10.7.

We also find this in the clerical category, which suggests to me that there is something wrong other than just education. Also, if we look at these things more clearly, if we look at the first categories of white-collar workers, we see that the percentage differences here are very small. We are talking about the first category. We are talking about minus 0.3 with respect to years of schooling, which again suggests something else other than schooling is the sole problem here. I think we have to look beyond this and say that there is something else going on in the society.

I happen to be an economist and also a legal type. I think the

laws perhaps might assist us to correct some of our problems in our society other than just looking at schooling and economic factors. The assistance may be in the private sectors and also in the public sectors. The Federal Trade Commission, for example, could insist on eliminating poor advertising or unfair practices misleading to the public. Perhaps it's a little too much for us to think that these things ought to be done in the private sector. I have to put my money someplace. If I want to have a checking account or save my money, I have to use the traditional institutions that are available. But you go into these places all around America. The Equal Employment Opportunity Commission did something in New York, where they found the percentage of nonwhites, Puerto Ricans and Negroes, in these different jobs represents such a small amount of the total population there that there is something wrong other than just educational attainment.

Perhaps we could introduce, in terms of public policy, something to the effect that private businessmen ought to stop discriminating. We don't have any problems identifying what discrimination is. The Supreme Court has already said that it is a pattern and trend. Perhaps these kinds of tools might be introduced in addition to continuously saying to Negroes that they have to get more education. Because that is not always the answer. Because just as your figures suggest that we need to get more education, they also suggest that with the education we have we just are not getting our fair share of the cake.

DR. ECKSTEIN: I don't mean to suggest that the entire equal opportunity battle is over. All I am saying is that most of the major employers are trying to rectify the situation. The small differences in these figures probably have no significance. The central fact of table 1 is that practically all white-collar workers are high school graduates.

I am sure there are still many Negroes who are overqualified for the jobs they hold. I think Cliff Alexander and his Commission are on the right track in going to Wall Street and reciting to the finance industry exactly the same sort of figures I have cited here: namely, why are Negroes only a very small percentage of all employees? In that industry, and in others, the percentage of black workers is so low that you cannot explain it in terms of not having qualified applicants. I am sure that if you walked into the headquarters of many American corporations 10 years ago, you would

have found no Negroes. Indeed, in many of them you would have found no Jews and very few Italians.

I want to keep this in realistic perspective. The recent gains of Negroes have a large component of this catching-up process to equal opportunity in them. The next step is not easy.

FROM THE FLOOR: If you were going to spend Federal money on this problem, where would you put it, say over the next 10 years, as between education and training, or essential job creation, or other things that are related to this?

DR. ECKSTEIN: That's your job, not mine. (The questioner was from the Bureau of the Budget.)

FROM THE FLOOR: Really, my question is that it didn't seem to me that you had very much in the way of real action recommendations.

DR. ECKSTEIN: No, I don't pretend to do that. This is not a cost-effectiveness analysis. I would follow the comments of the preceding speaker. I think the next small increment of Federal money would probably be best spent in the Equal Employment Opportunity Commission to accelerate the full exploitation of the present potential. Whether you do that best by bringing cases through the Employment Commission or whether you have an educational campaign to accelerate the employers' efforts, like the National Alliance of Businessmen, I don't know. I suppose you do a little of both, depending on the organizations and the attitudes you are dealing with.

On the question of education versus jobs, I think the most important thing is to find out what works and what does not. There is not enough money in this country to solve this problem by undisciplined financing of every grant application that comes in from anybody. You can spend many, many millions on manpower programs and many, many billions on local school systems, but if you are not careful, all you are doing is helping local governments finance themselves, increasing the cost to the Federal Government, and reducing the efficiency of what goes on. I would not just give money to every school district that has good people to write a good application, unless they come back with a convincing report of demonstrated accomplishment. I would not finance a lot of training programs unless they can show after a period that the people were placed successfully, that the skills were needed, and that the people have earned more money than they would have otherwise.

FROM THE FLOOR: There has been considerable criticism of con-

ventional high school education for failing effectively to meet the needs of the inner city. I wonder what your thinking is concerning perhaps some reengineering of high schooling?

DR. ECKSTEIN: This is a topic on which I am not an expert. I don't know what steps should be taken. Clearly there ought to be a closer feedback from employer to school, so that the high school graduates will have the right kind of high school education to fit them for the jobs in their community.

FROM THE FLOOR: If one moves in the opposite direction in terms of your remarks, the occupational structure itself will change in the direction of more white-collar workers and fewer blue-collar workers, and the educational differences between white and nonwhite will remain relatively constant in those two categories through time. Then wouldn't one expect the greatest recalcitrance to ending discrimination in the blue-collar segment rather than in the white-collar?

DR. ECKSTEIN: My projections contain the Labor Department estimates of changing occupational mix. I don't know if that is sufficient to explain the resistance of the craft unions to opening their ranks to anybody, Negro or white. In many cases, local regulations and Federal laws have given a monopoly power to the craft unions. Like any rational group of human beings, they seek to raise their incomes. In this case, they do so by restricting entry. As a consequence we have seen, for the last 10 years at least, a gradual process of increasing scarcity of these particular skills. Their wages have risen more than other workers' wages, until today in many cases they receive about twice a manufacturing worker's pay. The economic system has a safety valve. Technology adapts to make these scarce, expensive people less needed; thus more and more of their work is accomplished in some other way. So they will wind up as fossils, with very high wages and very few of them.

Negroes have been the particular victims of this process, partly because given other circumstances a relatively large number would head into these skilled blue-collar jobs. The discrimination is not only against Negroes. That is only one element in the general, restrictive policy. The number of people in apprenticeship has not gone up anywhere nearly in line with the economy.

FROM THE FLOOR: There have been policy suggestions regarding increasing the minimum wage to $2.50. There have also been suggestions regarding the negative income tax and guaranteed income plans. I understand that some economists feel that these kinds

of increases will result in eliminating marginal workers; we see from your figures that Negroes represent a large proportion of these kinds of people at the margin. There is some suggestion that these kinds of increases, and perhaps the negative income tax, will see a larger proportion of these workers laid off, because businessmen will find it unprofitable to keep workers like this around. Another solution might be that they will close down and move their capital to other areas where they can get a high rate of return, or perhaps they could automate their facilities. If some of these things do come into effect between now and 1985, what kind of result would you see in how this would affect the marginal workers?

DR. ECKSTEIN: Unlike most economists, I find some use for minimum wage legislation. Some traditional economists feel that the minimum wage simply destroys jobs. I don't think that is totally true. There are some groups in our society who need the protection of minimum wage laws; this would be most true in rural areas where the job market is small. But there is no doubt that some minimum wage legislation has been mischievous, and to raise the minimum now to $2, as has already been requested by the labor movement, would be in the mischievous category. If you raised the minimum to $2 now, you would put, I am sure, many thousands of people out of jobs.

I am not going to talk about the negative income tax in this manpower seminar. I serve on the President's Commission on Income Maintenance Programs, and we are just beginning our studies. We are going to spend a lot of time studying the negative income tax and other proposals. I think that the welfare system will be changed. It's not only that it has certain faults, it is also going downhill very rapidly. The welfare system will fall into complete disrepair unless it is brought up to date to changing conditions. Whether the negative income tax is the way to do that, I don't know.

You can move forward in two different ways. You can nationalize public assistance, universalize it, which would really make it a negative income tax. Another approach would be to set up federally financed but locally administered programs to turn more of the responsibility for welfare programs over to the local community and to have a neighborhood approach to welfare. I am sure the neighborhood would do a better job of administration in some of the large cities than the present bureaucracy, which is no longer able to cope with the problem, does.

DR. ROSS: I wonder if I could pick a small bone with you. I can use the building trades as an example. I certainly agree with you that most major employers have had a revolution in hiring policy and advancement policy with respect to Negroes. The bone I pick with you, though, is that most of the major employers do not hire most of the workers in the country. It seems to me that you understate the extent of racism and the Negro unemployment, or the Negro employment, problem, in taking a typical case of the major employer, the major corporation with a professional personnel staff.

Then you properly point out the situation is quite different in the building trades, where you have small employers and a joint trust between the unions and the building trades employers, who in many cases are union members themselves. That is true in many other types of trades. You see that, after all, these trades are not particularly anti-Negro; they are just job trusts or job monopolies, and they do not want new members at all. It works that way. They get much higher wage increases. The fact is that, even to keep a relatively constant total labor force over the past decade or two decades, they have had to admit and bring in, I suppose, millions of young white men because of the turnover, the retirements, and so forth.

You say they don't have many apprentices, but the fact is that most building tradesmen never served an apprenticeship. Most journeymen have never served an apprenticeship except in the electrical trade or perhaps some branches of the plumbing trade. Most of them get in through informal ways. If there had not been the racism that does exist, I think that the Negroes would have gotten in, in informal ways, working up through the trades, which is the common way of becoming a union journeyman. Apprenticeship is really a training process for those who may be supervisors and entrepreneurs, rather than workers.

This is of great policy importance now in the consideration of job opportunities under the Model Cities Program, because although the building tradesmen might eventually become a vestige or a remnant, in the meantime there is going to be a tremendous amount of work on the Model Cities Program if we ever get into a position to implement it fully, with perhaps many new jobs. I do not think that we should assume that, if there is enough work, or if the building trades are short of people, then there will not be any problem of racism, because people in these trades have nephews and sons. They are going to run in all kinds of white people, not

through apprenticeship but through the back door and the side door, before they take any Negroes, unless that is very tightly shut.

DR. ECKSTEIN: Let me back up a minute. In giving away medals as to who is good and bad in opening doors to Negroes, the head of the list would be the industrial unions, which from their inception in the 1930's generally had an equal opportunity policy, and provided the first really good job opportunities for Negroes. So if you are thinking of employers versus unions, you have to put industrial unions way ahead of everybody, including universities and the Federal Government.

I think we are in general agreement on the other points. I am glad to be enlightened on the points you raise.

DR. ROSS: The majority of Negroes still live in the South. While many plants of major employers like Lockheed or International Harvester which are in the South have a very good equal employment policy, I think you will find employment policy shot through with racism in other major establishments in the part of the country where the majority of the Negroes live.

FROM THE FLOOR: I think our discussion of who is bad and who is good is getting a little too simplified. On the union side I don't think the industrial unions are all that good and the craft unions, as a group, are all that bad. The industrial unions in Memphis, for example, had a poor record. In this last disturbance concerning the problems involving sanitation, the building trades have not had an excellent record, but at least have had a moderately good record for bricklayers, laborers, and operating engineers. But I think there are probably still many large corporations that are dragging their feet, and there are many small employers—depending on circumstances, their clientele, what part of the country they are in, and so forth—who probably do a very good job. I think it's true in the Washington metropolitan environs.

DR. ECKSTEIN: Yes, sir.

FROM THE FLOOR: I was going to rise to defend the building trades. I used to work for them a long time. But this man has done very well.

I wondered about something you said concerning the minimum wage—that you thought this would price people out of the market. Don't you think that jobs which pay so little should be priced out of the market? I remember John L. Lewis used to say he would be glad when no one wanted to go underground to mine coal. Maybe it would be a good idea to increase the minimum wage up to a

point where these jobs that nobody wants would be done away with.

DR. ECKSTEIN: That's a philosophical question for which there isn't any simple answer. According to basic values of this country we prefer most people to work once they are out of school and of working age. If their productivity is low or the job opportunities in a locality are not what they should be, we prefer to have them work at a wage of less than $2 rather than have them not work at all. We also generally think that people would be better off getting a low income by working, rather than a low income from welfare. Because of the cumulative effects of being on welfare, you lose work habits and gradually destroy the ability to work. Then there are differences among people. There are youngsters. You should have a different minimum wage for inexperienced workers below the age of 21. You can't pay a $2 wage (plus tips) to a 15-year-old for delivering bundles after school. The caution flag has to be raised on the minimum wage. I don't think it is the explanation for the teenage unemployment rate because, until recently, many of the jobs teenagers would hold were not covered. But it can destroy jobs that people would prefer to have, and if it does, it is harmful.

CHAIRMAN: If there are no other questions, I would like to thank you very much on behalf of the Department and all the people here for a very instructive afternoon.

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